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ABSTRACT

This module, consisting of materials for use in conducting a consumer education mini-course, deals with effective consumerism. Covered in the individual lessons are the following topics: being prepared with information (sources of consumer information and subscription forms); evaluating warranties and service contracts; evaluating advertising and selling practices (door-to-door sales laws and mail order merchandising rules); fraud and deception (home improvement frauds and guarding against fraud), and understanding consumers' rights to register dissatisfaction and to be heard (making complaints, sample complaint letters, and where to complain). Each lesson contains a list of concepts to be covered in the lesson, suggested activities, a list of instructional materials included in the lesson, a list of related references, an information outline, pertinent records and forms, and transparency masters. (MN)

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EFFECTIVE CONSUMERISM

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by

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EFFECTIVE CONSUMERISM

TABLE OF CONTENTS

PAGE

ACKNOWLEDGEMENTS iii

LESSON: Be Prepared With Information. 1

Information Outline. 3
HO-1: Subscription Forms. 7
Transparency Masters 9

LESSON: Evaluate Warranties and Service Contracts . . . 13

Information Outline. 15
HO-1: Warranties. 17
HO-2: Service Contracts 18
AS-1: Warranty Checklist. 19
Transparency Masters 21

LESSON: Evaluate Advertising and Selling Practices. . . 31

Information Outline. 33
HO-1: Door to Door Sales Law. 41
HO-2: Mail Order Merchandise Rule 43
Transparency Masters 45

LESSON: Fraud and Deception 77

Information Outline. 79
HO-1: Home Improvement Frauds 89
HO-2: Guarding Against Fraud. 91
Transparency Masters 93

LESSON: Your Right to Register Dissatisfaction and Be Heard. 125

Information Outline. 127
HO-1: Making Complaints 131
HO-2: Sample Complaint Letter 133
HO-3: Where to Complain 135
Transparency Masters 139

BIBLIOGRAPHY 175

6

EFFECTIVE CONSUMERISM

LESSON: Be Prepared With Information

CONCEPTS:

1. Because of the constantly changing consumer world, having timely sources of reliable information is necessary to being informed.
2. Consumer Reports is published by a consumer financed and sponsored organization, Consumers Union. It provides information on specific brand-name products and services as well as relevant consumer issues.
3. Changing Times is published by Kiplinger Washington Editors and gives product information as well as information on services purchased by the consumer.
4. The Consumer Product Information Catalog is published quarterly by the U. S. Government. It is distributed free of charge and contains listings of numerous pamphlets available free or at minimal cost.
5. Local libraries can be of assistance. Check the card catalog, Readers' Guide to Periodicals and your resource librarian.
6. The University of Missouri Cooperative Extension Center in your county provides extensive information.

SUGGESTED ACTIVITIES:

1. Have copies of Consumer Reports and Changing Times to distribute. Illustrate the similarities and differences.
2. Have subscription forms available for those who are interested in personal subscriptions.
3. Have copies of the Consumer Product Information Catalog. These are available in quantities by request from:

   Consumer Information Center
   Pueblo, Colorado 81009

   These are usually available in most federal government offices, (Social Security, Post Office, etc.).
4. Encourage participants to fill out order form. Use overhead transparencies of order form to show how this is to be done.

7

5. Supply name and location of the nearest public library. Ask a local librarian to talk with the group about the help they can provide.

6. Secure samples of University of Missouri Cooperative Extension publications. Point the type of information that can be secured from this office. Also compare with the type of information given in Consumer Reports and Changing Times.

INSTRUCTIONAL MATERIALS:

1. HO-1: Subscription Forms

2. Transparency Masters

   TM-1: Order Blank Free Title

   TM-2: Order Blank Sales Title

3. Copies of Consumer Reports

4. Copies of Changing Times

REFERENCES:

1. Changing Times, the Kiplinger Magazine, Editors Park, Maryland 20782.

2. Consumers Report. Consumers Union, Marion, Ohio.

3. Consumer Product Information Catalog, Consumer Information Center, Pueblo, Colorado 81009.

4. Lee, Stewart and Zelenak, Mel J. Economics for Consumers. Wadworth Publishing Co., Belmont, California: 1982.

EFFECTIVE CONSUMERISM

BE PREPARED WITH INFORMATION

INFORMATION OUTLINE

The decision making process outlines four basic steps in the rational decision making process. They are:

1. Identification of the Problem
2. Gathering information
3. Developing alternatives and their consequences
4. Selecting the best alternative with the fewest consequences in relation to the identified problem

If consumers are to utilize this decision making process in making their consumer decisions, then the gathering of information is vital before this process can be completed. It is only through information that alternatives can be known and related consequences considered. In a rapidly changing technological society, knowing where to go for information will be crucial in the consumer decision making process.

I. Consumer Reports as a Source of Information

Consumer Reports is published by a consumer financed and sponsored organization, Consumers Union. Eleven regular issues are published from January through November of each year. In December they publish the Buying Guide which is a summary of the results of tests made in that year and in previous years and gives buying advice not included in other issues.

Consumer Reports contain reports of laboratory tests and controlled-use tests, expert opinion or experience, or a combination of these. All test products are purchased in retail stores by shoppers for Consumers Union who do not identify their CU affiliation. The ratings given the products are based on estimated overall quality without regard to price. If CU judges the samples tested to be of high overall quality and appreciably superior to non-check-rated models tested for the same report, then those models may receive a (✓). Products that are rated high in overall quality and also priced relatively low receive "Best Buy" ratings. They should provide more quality per dollar than other "Acceptable" products in that set of ratings.

In addition to test results on various brand-name products, Consumer Reports may have general articles on specific groups of products such as "diet foods", "gas-saving" additives, life insurance, disability insurance, obtaining credit, etc. Articles about specific products are prefaced with additional information and tips on how to judge quality and various features that may be offered. They regularly report on new and used automobiles.

In addition to the monthly issues, Consumers Union also publishes books on numerous topics of concern to consumers such as health, energy, economics, life insurance, funerals, death and dying, etc.

II. Changing Times as a Source of Information.

Changing Times is published by Kiplinger Magazine, Editor's Park, Md. Its greatest appeal is probably for middle-income and upper middle-income consumers. It carries articles on such topics as housing, retirement income, pensions, insurance, stocks and bonds, income taxes and investments. It does not test and rate products such as is done in Consumer Reports.

III. The Consumer Product Information Catalog as a Source of Information.

This catalog is published quarlerly by the U. S. Government at the Consumer Information Center, Pueblo, Colorado. Many of the publications can be obtained without charge. As many as 20 free publications can be obtained at one time on one order blank (TM-1). The range of topics and types of information cover just about every aspect of consuming. These publications contain valuable general information about types or groups of products, but will not give test results or specific brand information such as is provided in Consumer Reports.

Additional publications can be obtained at a small cost. These should be ordered on a separate order form (TM-2).

The Consumer Information Product Catalog can be obtained in bulk quantities by educators for distribution. Most federal offices (Post Office, Social Security) keep large supplies of the catalogs for free distribution.

SUBSCRIPTION FORMS

- -

CONSUMER REPORTS
Subscription Department
Box 1952
Marion, Ohio 43306

Please send me Consumer Reports as indicated:

_____ 1 year (12 issues), $14.00

_____ 2 years (24 issues), $24.00

_____ 3 years (36 issues), $34.00

Name _______________________________________

Address _____________________________________

City ____________________ State _________ Zip _____

- -

CHANGING TIMES
The Kiplinger Magazine
Editors Park, Maryland 20782

Please send me Changing Times as indicated:

_____ 1 year, $15.00

_____ 2 years, $27.00

_____ 3 years, $38.00

Name _______________________________________

Address _____________________________________

City ____________________ State _________ Zip _____

ORDER BLANK FOR FREE TITLES

(Order sales publications on reverse)

- ★ **Because of limited stocks, please restrict your order to a maximum of one copy of 20 different free publications.**
- ★ **There is a $1.00 user fee when you order two or more free titles.** Please note this fee along with the number of free titles you are ordering on page 15 just above the mailing label. Do not use your GPO Deposit Account to pay the user fee.
- ★ Fill in mailing label on page 15. It will be used to return your order.
- ★ Detach Order Blank page, enclose any payment, and mail to **Consumer Information Center, Department J, Pueblo, CO 81009.**
- ★ If ordering free publications only, please send your order to: **Attn: S. JAMES.**

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Please note this number along with the $1.00 user fee, if applicable, on page 15.

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ORDER BLANK FOR SALES TITLES

(Order free publications on reverse)

- Indicate quantity and total price beside each publication desired.
- Fill in mailing label below. It will be used to return your order.
- Enclose check or money order payable to Supt. of Documents (do not send stamps) with the Order Blank page, and return to Consumer Information Center, Department J, Pueblo, CO 81009.
- To speed processing, please send orders for sales titles to: Attn: R. WOODS.
- The prices below will be honored through August 31, 1983.

J

Item #	Qty.	Price	Total $	Item #	Qty.	Price	Total $	Item #	Qty.	Price	Total $
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124L	____	$2.75	____	171L	____	$2.25	____	218L	____	$5.00	____
125L	____	$2.75	____	172L	____	$5.00	____	219L	____	$2.25	____
126L	____	$3.50	____	173L	____	$6.00	____	220L	____	$4.75	____
128L	____	$4.50	____	174L	____	$2.50	____	221L	____	$9.50	____
129L	____	$3.00	____	175L	____	$3.50	____	222L	____	$4.75	____
130L	____	$2.75	____	176L	____	$4.25	____	223L	____	$2.25	____
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____ Enclosed ____________
____ To mail later ____________
____ Subscriptions ____________
Refund ____________
Postage ____________

Number of sales titles ordered ________
Number of free titles ordered ________
Charge to my Deposit Account No. ____________

Total sales price $________
$1.00 user fee (if any) $________
Total enclosed $________

MAILING LABEL FOR SALES AND FREE TITLES (Type or print in ink)

Name ____

Street Address ____

City, State, Zip ____

EFFECTIVE CONSUMERISM

LESSON: Evaluate Warranties and Service Contracts

CONCEPTS:

1. A guarantee or warranty is a statement of product quality or performance characteristics, and the manufacturer's or retailer's promises for specific remedial action if the product fails to meet the standards described in the promise.
2. Reading and studying guarantees and warranties lets the consumer know in advance what to expect in the way of servicing, repairs, and adjustments for merchandise that is performing poorly.
3. The Magnuson-Moss Warranty Act places some controls and conditions on warranties issued by the seller.
4. Service contracts are really insurance policies that pay the cost of parts and labor needed to make repairs on appliances, autos, etc. after the express warranty has expired.
5. Cost/benefit ratio should be considered carefully, along with the concept of implied warranty before purchasing a service contract.

SUGGESTED ACTIVITIES:

1. Use transparencies to present basic facts relative to warranties.
2. Examine copies of warranties to illustrate their compliance or non-compliance to the Magnuson-Moss Warranty Act.
3. Distribute copies of the Warranty Checklist to use to evaluate a sample warranty.
4. Use transparencies to present basic facts relative to service contracts.
5. Lead open discussion on the value of warranties.
6. Would you purchase a service contract? Why or why not? Discuss.

7. Question for thought - Does the concept of "implied warranty" make the purchase of a service contract questionable?

INSTRUCTIONAL MATERIALS:

1. HO-1: Warranties
2. HO-2: Service Contracts
3. AS-1: Warranty Checklist
4. Transparency Masters
    - TM-1: Cartoon
    - TM-2: Warranties
    - TM-3: Warranty Checklist
    - TM-4: Service Contract
    - TM-5: Contract Cost

REFERENCES:

1. Changing Times, Nov. 1980, p. 54.
2. Lee, Stewart M. and Zelenak, Mel J. Economics for Consumers. Wadsworth Publishing Co., Belmont, California: 1982, pp. 395-401, 447-448.
3. Miller, Roger Lerary. Economic Issues for Consumers. West Publishing Co., New York: 1981, pp. 373-378.

EFFECTIVE CONSUMERISM

WARRANTIES AND SERVICE CONTRACTS

INFORMATION OUTLINE

I. Warranties (Use TM-1).

There are two general categories of warranties. They may be either implied or express. (TM-2)

1. Implied Warranty is a concept that means that you have legal right to expect certain things that need not be written down such as:

    A. Seller's right to sell
    B. Buyer's right to full title
    C. Buyer's right to get the item requested and that it works and performs according to reasonable expectations
    D. Buyer's right to purchase food or drugs suitable for humans
    E. Buyer's right to get exactly same item as shown in sales promotion materials, or display

2. Express Warranties may be oral or written. Written express warranties must comply with requirements of the Magnuson-Moss Warranty Act.

II. Magnuson-Moss Warranty Act Provisions.

This law does not require that a manufacturer give a written warranty on a product, but *if* a warranty is issued, it must give its terms and conditions simply and clearly. This law applies to all written warranties on consumer products that cost more than $15.00, excluding sales tax. The warranty must clearly state: (TM-3)

1. If it is a "full" or "limited" warranty.
2. What product or product part is covered.
3. What kind of performance is guaranteed.
4. Who is making the warranty.
5. What the seller will do if the product fails.
6. What the buyer must do to make the warranty good.
7. What is required of the buyer to keep the warranty valid.
8. What actions might invalidate the warranty.

III. Service Contracts (Use TM-4 and TM-5).

1. Service contracts are insurance policies that pay the cost of parts and/or labor needed to make repairs on appliances, autos, etc., after the express warranty has expired. Since insurance is a means of paying someone else to assume a financial loss that would be more than we could assume with financial hardship, it would be prudent to ask: What is the loss involved? How great is the risk? What is the cost of paying someone else to assume that risk?

2. The cost of a "few pennies per day" is highly deceiving; a mere 15 cents a day is over $50.00 a year.

3. As the appliance/auto becomes older, the contract fee is sharply higher.

4. Contract fees that are enticingly small in the early years become major outlays in later years.

5. If one purchases an item that is reasonably expected to last 8-10 years, should he expect to have to insure the cost of heavy repair bills?

6. Do service contracts ignore the concept of "implied warranty"?

WARRANTIES

WARRANTY - Usually a written statement of the integrity of a product and of the maker's responsibility for the repair or replacement of defective parts.

IMPLIED WARRANTY - Promises that the product is of average salable quality, will do what that product is normally expected to do, and will last a "reasonable" period of time.

EXPRESS WARRANTIES - Are specific promises in writing made by the manufacturer or retailer concerning quality, performance, condition, or other characteristics.

--Full Warranty - Agrees to correct or replace a defective product free within a "reasonable" time whether the owner is the original buyer or not.

--Limited Warranty - Anything less than a full warranty must be labeled a "limited" warranty.

SERVICE CONTRACTS

1. An insurance policy that pays the cost of parts and labor needed to make repairs on appliances, autos, etc., after the express warranty has expired.
2. The cost of a "few pennies per day" is highly deceiving; a mere 15 cents a day is over $50.00 a year.
3. As the appliance becomes older, the contract fee is sharply higher.
4. Contract fees that are enticingly small in the early years become major outlays in later years.
5. Question? - After spending several hundred dollars for an appliance that's supposed to last ten years or so, why shell out more money to insure it against the cost of repairs?

DO SERVICE CONTRACTS IGNORE THE CONCEPT OF "IMPLIED" WARRANTY?

AS-1

WARRANTY CHECKLIST

WHO PROVIDES THE COVERAGE

	Yes	No
The dealer?	☐	☐
The manufacturer?	☐	☐

Where will you locate the person or company if the product is defective? ____________________

WHAT IS COVERED

	Yes	No
Does the warranty give full coverage?	☐	☐
Is there a single warranty?	☐	☐
If there are several, is the coverage on different parts (full or limited) specified?	☐	☐
Is that coverage reasonable?	☐	☐
If the warranty is limited, do the exclusions and limitations seem reasonable?	☐	☐
Are the costs of both parts and labor covered?	☐	☐
Is the total repair charge covered?	☐	☐

WHO IS COVERED

	Yes	No
Does the warranty cover subsequent owners?	☐	☐
Does the coverage remain in force when the unit is moved?	☐	☐
Is there a special registration requirement (e.g., card to be mailed in)?	☐	☐

DURATION OF COVERAGE

Length of full coverage ____________________

Length of limited coverage ____________________

Is coverage equal to that of competing brands?

HOW ADJUSTMENTS ARE MADE

	Yes	No
Is the adjustment procedure clear?	☐	☐
If the unit must be returned to the manufacturer, does the manufacturer pay the shipping?	☐	☐
Are there local service facilities?	☐	☐
Is the adjustment procedure reasonable and feasible?	☐	☐

THE ADJUSTMENT PROCEDURE

	Yes	No
Is there an informal settlement procedure?	☐	☐
Is the procedure explained?	☐	☐
Does it appear fair?	☐	☐
Is it feasible?	☐	☐
If there are other legal remedies, are they explained?	☐	☐

The guarantee SAYS it's a hair grower.... It doesn't say anything about how MANY hairs!

WARRANTY — Usually a written statement of the integrity of a product and of the maker's responsibility for the repair or replacement of defective parts.

IMPLIED WARRANTY — Promises that the product is of average salable quality, will do what that product is normally expected to do, and will last a "Reasonable" period of time.

EXPRESS WARRANTIES — Are specified promises in writing made by the manufacturer or retailer concerning quality, performance, condition, or other characteristics.

Full Warranty - Agrees to correct or replace a defective product free within a "Reasonable" time whether the owner is the original buyer or not.

Limited Warranty - Anything less than a full warranty must be labeled a "Limited" Warranty.

TM-3

WARRANTY CHECKLIST

	Yes	No
WHO PROVIDES THE COVERAGE		
The dealer?	☐	☐
The manufacturer?	☐	☐
Where will you locate the person or company if the product is defective?	________	
WHAT IS COVERED		
Does the warranty give full coverage?	☐	☐
Is there a single warranty?	☐	☐
If there are several, is the coverage on different parts (full or limited) specified?	☐	☐
Is that coverage reasonable?	☐	☐
If the warranty is limited, do the exclusions and limitations seem reasonable?	☐	☐
Are the costs of both parts and labor covered?	☐	☐
Is the total repair charge covered?	☐	☐
WHO IS COVERED		
Does the warranty cover subsequent owners?	☐	☐
Does the coverage remain in force when the unit is moved?	☐	☐
Is there a special registration requirement (e.g., card to be mailed in)?	☐	☐
DURATION OF COVERAGE		
Length of full coverage	________	
Length of limited coverage	________	
Is coverage equal to that of competing brands?	☐	☐
HOW ADJUSTMENTS ARE MADE		
Is the adjustment procedure clear?	☐	☐
If the unit must be returned to the manufacturer, does the manufacturer pay the shipping?	☐	☐
Are there local service facilities?	☐	☐
Is the adjustment procedure reasonable and feasible?	☐	☐
THE ADJUSTMENT PROCEDURE		
Is there an informal settlement procedure?	☐	☐
Is the procedure explained?	☐	☐
Does it appear fair?	☐	☐
Is it feasible?	☐	☐
If there are other legal remedies, are they explained?	☐	☐

SERVICE CONTRACTS

1. An insurance policy that pays the cost of parts and labor needed to make repairs on appliances, auto,etc., after the express warranty has expired.
2. The cost of a "Few Pennies Per Day" is highly deceiving; A meer 15 cents a day is over $50 a year.
3. As the appliance becomes older, the contract fee is sharply higher.
4. Contract fees that are enticingly small in the early years become major outlays in later years.
5. Question? — After spending several hundred dollars for an appliance that's supposed to last ten years or so, why shell out more money to insure it against the cost of repairs?

Do service contracts ignore the concept of "implied" Warranty?

CONTRACT COST

(SEARS - 2ND YR. OF OWNERSHIP WITH 1 YEAR WARRANTY ON PRODUCT)

VIDEO CASSETTE RECORDER	$ 79.95
CENTRAL AIR-CONDITIONER OVER 30,000 BTUs	$ 76.95
COLOR TV	$ 65.95
MICROWAVE OVEN	$ 39.95
GAS FORCED AIR FURNACE	$ 37.95
CLOTHES WASHER	$ 32.95
BUILT IN DISHWASHER	$ 32.95
ROTARY MOWER	$ 32.95
REF-ICE MAKER	$ 31.95
GAS RANGE	$ 30.95
ELECTRIC DRYER	$ 25.95

SOURCE: CHANGING TIMES--NOV. 1980, P. 54.

EFFECTIVE CONSUMERISM

LESSON: Evaluate Advertising and Selling Practices

CONCEPTS:

1. Selling goods and services through stimulating demand and influencing consumers in their choices is the objective of advertising.
2. Advertising informs and persuades the consumer.
3. There are recognizable techniques which are being used to promote negative and misleading advertising.
4. Ability to analyze and use advertising is an asset when determining selections in the marketplace.
5. High pressure, aggressive selling techniques are typical of many peddlers, phone and mail solicitors, and merchandisers in low income areas.

SUGGESTED ACTIVITIES:

1. Use current advertisements to illustrate that some advertising:
    a. emphasizes quality
    b. emphasizes essential features (specifications, standards, performance)
    c. provides educational information
    d. contains absurd and meaningless statements
    e. bait and switch advertising techniques
2. Use transparencies, along with current examples of advertisements to illustrate techniques of negative or misleading advertising and deceptive selling practices.
3. Elicit suggestions for dealing with door-to-door sales problems.
4. Discuss "door-to-door" sales law and mail order protection legislation.

INSTRUCTIONAL MATERIALS:

1. HO-1: Door to Door Sales Laws
2. HO-2: Mail Order Merchandise Rule

3. Transparency Masters:

TM-1: Sale
TM-2: Closeout Sale
TM-3: Loss Leader
TM-4: Originally
TM-5: List Price
TM-6: Supplies Limited
TM-7: "25% Off"
TM-8: "Save ____"
TM-9: Free
TM-10: Factory Outlet
TM-11: Bait and Switch
TM-12: Bait and Switch
TM-13: An Honest Salesman
TM-14: Beware of Salespersons Who:
TM-15: Cartoon
TM-16: 2 Weeks Later

REFERENCES:

1. Federal Trade Commission, Washington, D.C.:
   Bait and Switch
   Shopping By Mail, Publication N-01-1
   Three Days to Cancel: Door-to-Door Sales, Buyer's Guide No. 15.
   Protection for Elderly, Buyer's Guide No. 9-H.

2. Miller, Roger Lerary. Economic Issues for Consumers. West Publishing Co., New York: 1981.

3. Lee, Stewart M. and Zelenak, Mel J. Economics for Consumers. Wadsworth Publishing Co., Belmont, California: 1982.

EFFECTIVE CONSUMERISM

EVALUATE ADVERTISING AND SELLING PRACTICES

INFORMATION OUTLINE

I. Advertising (Use TM-1 through TM-12).

What is advertising? It is calling public attention to, especially in order to arouse a desire to purchase. Advertising is important but not always honest. For example, you should:

1. Know price ranges
2. Beware of such words as:
    a. Sale (TM-1)
    b. Closeout Sale (TM-2)
    c. Loss Leader (TM-3)
    d. unbelievable savings
    e. wholesale prices
    f. fantastic reductions
3. Watch for key words that indicate price reduction--may not be a reduction. For example:
    a. originally (TM-4)
    b. was
    c. compare
    d. usually
    e. regularly
    f. formerly
4. Examine words that indicate that the SAME product may be purchased elsewhere: (TM-5)
    a. value
    b. list price
    c. suggested price
    d. retail price
    e. preticketed price
5. The term "supplies limited" is questionable (TM-6).
6. If ad says save $10 or 15% is based on the original price? (TM-7 and TM-8).
7. Make sure price has not been raised when merchandise is advertised as (TM-9)
    a. buy one at regular price, 2nd one for a penny
    b. buy one--get one free
    c. two for the price of one
8. Be leary of wholesale or factory prices, and factory outlet advertisements (TM-10).
9. Bait and Switch Techniques (TM-11 and TM-12).

II. Door-to-door Sales.

There are a few companies which sell door-to-door which have been established for a long time and which are quite reputable. Among these are Avon Cosmetics, Stanley Home Products, Fuller Brush Products and others.

Most not so reputable door-to-door salespersons use various techniques of high pressure selling to persuade consumers to buy products that they do not need or will likely never use. Often these products are over-priced, of poor quality, or are ordered and not received.

An Honest Salesman will: (TM-13)

1. Give direct answers
2. Respect your right to think the matter over and talk to your spouse, etc., privately or for a day or two.
3. Put all claims in writing
4. Tell you the laws concerning door-to-door sales. (covered in later lesson)

Good advice to follow: (TM-14)

1. Beware of salespersons who:
    a. are extremely friendly and/or flattering.
    b. try to get your sympathy.
    c. use high pressure sales tactics.
    d. pretend to be taking a survey.
    e. claim that you have been especially selected for the offer.
    f. claim that the sale is a once-in-a-lifetime opportunity.
2. Buy only what you need and only when you need it.
3. Ask for identification and don't let them in until you have checked their credentials.
4. Don't pay cash, use a check in case of faulty merchandise so you can stop payment.
5. Make the check out to the company--NOT the salesman.
6. Read the contract before signing and check carbons.
7. Listen and ask questions.
8. Think before you buy.

III. Door-to-Door Sales Law.

Due to many high pressure tactics used by door-to-door salesmen a Federal law has been passed providing for a 3-5 day cooling off period. The best protection is not to buy on impulse.

ACCORDING TO THE LAW

1. A door-to-door salesperson must tell you of your right to cancel and give you a copy of anything that you signed in your home.

2. The notice of your right to cancel must include the same language used by the salesperson in talking to you, be dated, and show the name and address of the seller, and contain the following statement:

> "YOU, THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT."

3. Except for a deal you start at a place of business, your right to cancel includes even when you ask the salesman to your house.

4. If you do cancel, detach and send one copy to the seller--dated. Keep one copy and your contract for your records.

5. If you cancel, the seller must within ten days

   a. refund all your money
   b. return any goods or property traded in
   c. cancel and return any documents that you have signed
   d. tell you if they will pick up or let you keep anything left with you

6. The seller has 20 days in which to pick up the merchandise. You may do what you want with it if they do not.

7. This right to cancel does not cover the following:

   a. Total sales under $25.00
   b. Insurance, real estate, or securities sales
   c. Sales connected with pre-existing charges
   d. Sales made at your residence after first negotiating at the business's fixed location
   e. Sales made entirely by mail
   f. Some emergency repair sales

NARRATIVE ON DOOR TO DOOR SALESMEN (TM-15)

Oh, there's the doorbell.

Hello, won't you come in. You said you were taking a survey for the National Magazine Institute. How nice.

You mean that for just taking part my family will receive two free subscriptions plus a bonus selection. Oh! this is really wonderful. All I have to pay is the postage. Yes, that seems more than fair.

I know the family will enjoy Scenic America and Modern Family. For the bonus I get to select any of these others. Well, let me see, I think I'll take Decorating Talk.

Why thank you for saying so, but no, I've done all the decorating myself. It wasn't a professional job at all.

Yes, now where do I sign. You did say all I would be paying for would be the postage and mailing for each which amounts to only a nickle a day for the next three years.

Oh! won't my husband be thrilled about this. Thanks so much for coming.

*Two weeks later in the mail: A bill for $164.25

5¢/day x 365 = $18.25/magazine/year

x 3 magazines

$54.75

x 3 years

$164.25

NARRATIVE ANALYSIS:

1. Invited the salesman into her house without checking or asking for any credentials.
2. Salesman was posing as a survey representative rather than a salesman, which is what he was.
3. He complimented her decorating ability, which in turn flattered her, which in turn may have kept her from thinking in a more businesslike manner.
4. The woman did not take time to figure cost personally other than just knowing that it would cost 5¢/day.
5. The salesman never told the total cost, but just used the smaller figure to make it sound more enticing.

IV. Mail Order Protection (Use TM-16).

REASONS FOR SHOPPING BY MAIL:

1. Convenience
2. Saves time, energy, and/or money
3. Product cannot be purchased locally

However, there are problems. According to the FTC's records the most frequent problem (27% of them) is the product getting to the customer late. Because of this the mail order rule was adopted in October, 1975 . . .

MAIL ORDER MERCHANDISE RULE

1. You must receive the merchandise when the seller says you will.
2. If no delivery date is promised, it must be shipped within 30 days.
3. If you do not receive it within the 30 days you may cancel and get your money back.

4. If the deadline cannot be met, the seller must notify you and give you a) a new shipping date, b) the option to cancel and receive a full refund or to agree to the new delivery date via a free way to send back your answer.
5. If you cancel a prepaid order you must receive full refund within 7 business days. (On credit billings--within one time period).
6. This law does not apply to:
    a. Services connected with merchandise such as mail order photo finishing
    b. Magazines and other regular deliveries such as booksets, except for initial shipment.
    c. Seeds and growing plants
    d. Orders made on collect or delivery (C.O.D.) basis
    e. So called negative option plans, principally books and records.

WAYS TO PROTECT YOURSELF:

1. Pay by check or money order. Never send cash through mail.
2. Carefully read the full product description and make sure it is exactly what you want.
3. Keep a copy of the advertisement and a copy of the order blank.
4. Note the delivery time stated. Allow plenty of time especially before a holiday.
5. Make a note of the merchant's name and address and the date you sent in your order.
6. Hold on to your cancelled checks and charge account records. If you have a problem later, these papers would be necessary to prove your side of the case.

7. If there is a guarantee offered, check its provisions before you order (for example, who pays the postage for returning the merchandise to the firm).

UNORDERED MERCHANDISE

1. If you get something in the mail you did not order, you do not have to return it or pay for it. You can keep it as a GIFT.
2. Only two kinds of merchandise can be sent legally through the mail without a consumer's prior consent:
   a. free samples
   b. merchandise mailed by a charitable organization for a contribution--but you do not have to contribute.

DOOR TO DOOR SALES LAW

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4. If you do cancel, detach and send one copy to the seller--dated. Keep one copy and your contract for your records.
5. If you cancel, the seller must within ten days:
   a. refund all your money
   b. return any goods or property traded in
   c. cancel and return any documents that you have signed
   d. tell you if they will pick up or let you keep anything left with you.
6. The seller has 20 days in which to pick up the merchandise. You may do what you want with it if they do not.
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5. Make a note of the merchant's name and address and the date you sent in the order.

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2. Only two kinds of merchandise can be sent legally through the mail without a consumer's prior consent:
   a. free samples
   b. merchandise mailed by a charitable organization for a contribution--but you do not have to contribute.

SALE

YES, STORES DO SELL PRODUCTS FOR LESS ON ONE DAY THAN ON THE DAY BEFORE, AND BUYING "ON SALE" IS WISE SHOPPING. BUT BEWARE THE STORE THAT ADVERTISES A HUGE SALE BUT HAS ONLY A FEW ITEMS REDUCED. ALSO BEWARE A SALE BASED ON REDUCTIONS IN AN INFLATED "LIST PRICE".

CLOSEOUT SALE

Manufacturers of many types of equipment (autos, cameras, stereo equipment, clothing, etc.) introduce "new models" each year or season. Last year's models are often sold at reduced prices just before new models are introduced. Be prepared to see ads for the new model that make you feel your "closeout buy" is old stuff. Honest closeout sales most often feature limited selection (the biggest inventory will be of models no one else wanted), but good prices.

LOSS LEADER

An item the store sells at a very small profit or even at a loss to bring customers into the store. The "loss leader" is usually an inexpensive item that will bring potential customers in.

ORIGINALLY

AS IN "ORIGINALLY PRICED AT..." MAYBE NO ONE EVER BOUGHT IT AT THAT PRICE? WAS IT EVER SOLD AT THAT PRICE?

LIST PRICE

SAME AS "SUGGESTED RETAIL PRICE." THE PRICE SET BY THE MANUFACTURER. MANY COMPANIES SET ARTIFICIALLY HIGH LIST PRICES SO THAT STORES CAN ADVERTISE "HUGE SAVINGS" OR "40% OFF LIST", ETC. AN AUTOMOBILE'S "STICKER PRICE" IS ITS LIST PRICE, BUT RARELY WILL AN AUTO SELL FOR THE STICKER PRICE. WINNERS OF THE SHOPPING GAME RARELY PAY LIST PRICE.

55

"SUPPLIES LIMITED"

ARE THERE ANY SUPPLIES THAT ARE UNLIMITED? OFTEN MEANS, "LIMITED TO AS MANY AS WE CAN SELL."

TM-6

"25% OFF"

"50¢ OFF"

THE QUESTION TO ASK IS "OFF WHAT?" OFF A LIST PRICE THAT IS INFLATED? OFF LAST YEAR'S PRICE? OFF THE REGULAR PRICE?

"SAVE ______"

As in "save $20" or "save 25%". Remember that the purpose of the word "save" is to make you spend. Which is better: To save 25% on something you don't really need OR to save 100% by not buying?

TM-8

FREE

THE MOST POWERFUL SELLING WORD IN THE ENGLISH LANGUAGE. WHICH IS MORE EFFECTIVE? "20% OFF" OR "BUY FOUR, GET ONE FREE."?

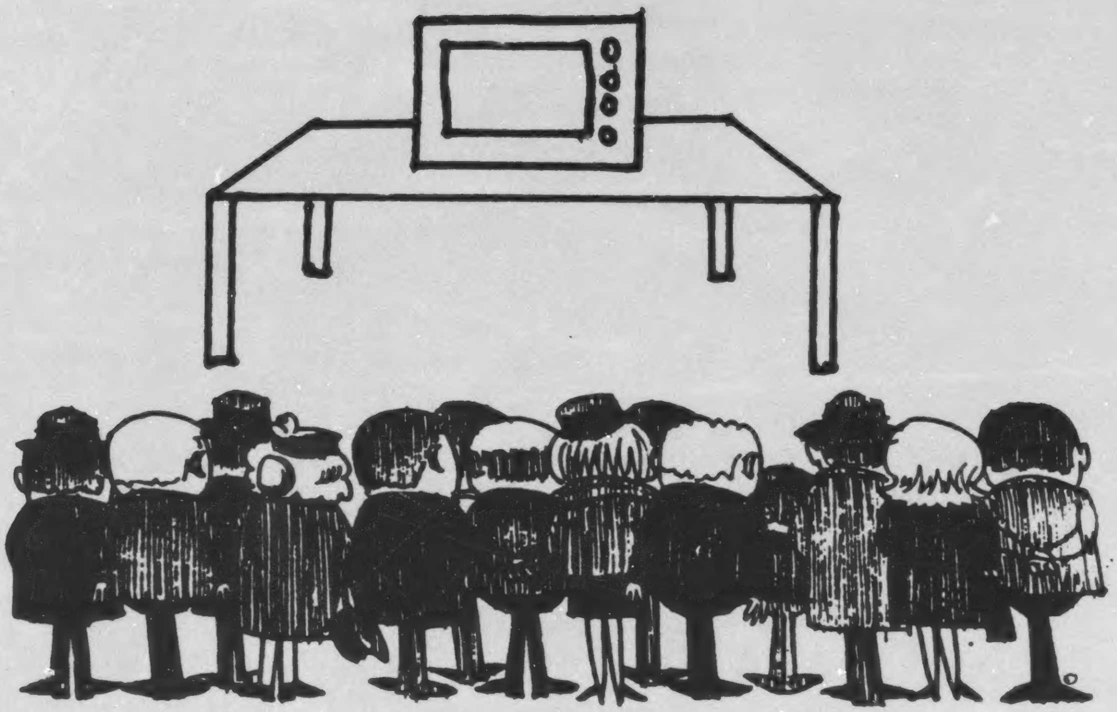
FACTORY OUTLET

A MANUFACTURER MIGHT SELL SOME OF ITS PRODUCTS FROM A BACK ROOM AT THE FACTORY. SECONDS, PRODUCTS WITH MINOR DEFECTS, RECONDITIONED ITEMS, ETC. PRICES ARE OFTEN THE LOWEST. BEWARE THE STORE THAT USES THE WORD "OUTLET" IN ITS ADVERTISING TO MISLEAD SHOPPERS INTO THINKING IT IS A GENUINE FACTORY OUTLET.

TM-11

Bait & Switch

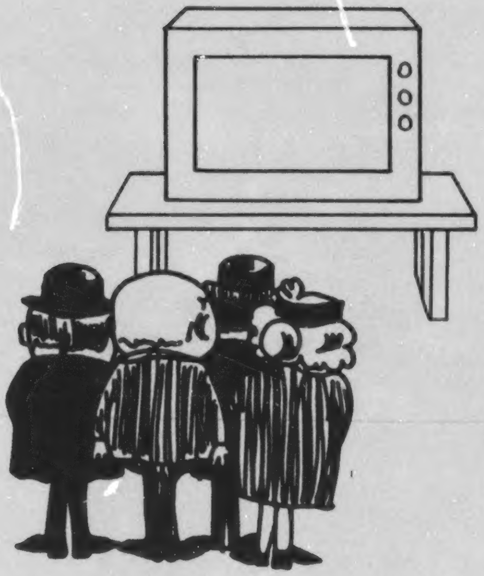
Sale
As Advertised
TV's $149.95



Bait & Switch

$149.95

Sale as
Advertised



There's no way I'd try to sell such nice people a piece of junk like that.

Just step over here and for only $289.95 here's a much better buy.

AN HONEST SALESMAN WILL:

1. Give direct answers
2. Respect your right to think the matter over and talk to your spouse, etc., privately for a day or two
3. Put all claims in writing
   This will be in the form of a list.
4. Tell you the laws concerning door-to-door sales.

BEWARE OF SALESPERSONS WHO:

1. Are extremely friendly and/or flattering.
2. Try to get your sympathy.
3. Use high pressure sales tactics.
4. Pretend to be taking a survey.
5. Claim that you have been especially selected for the offer.
6. Claim that the sale is a once-in-a-lifetime opportunity.

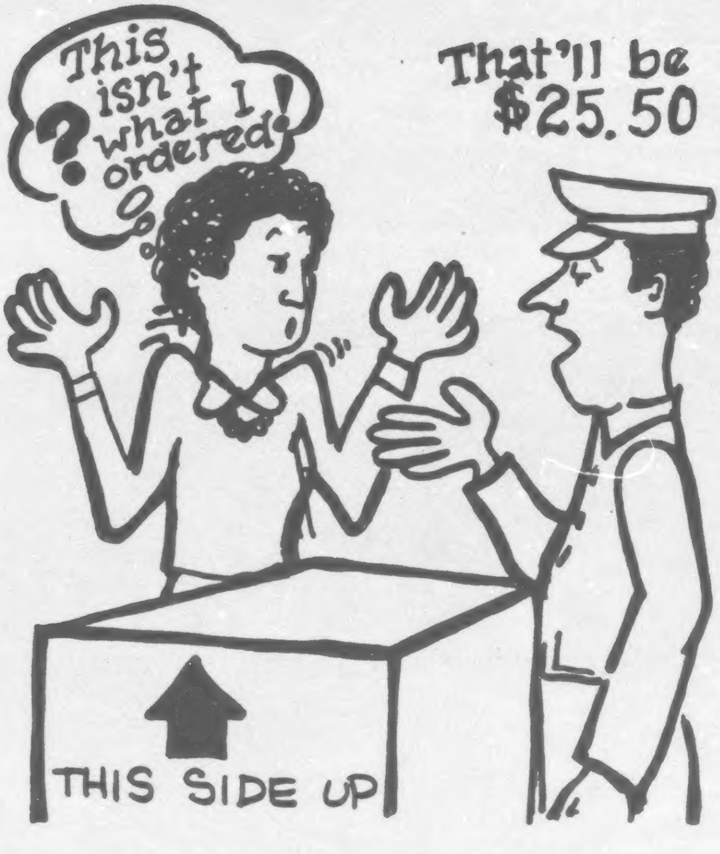
TM-15

2 WEEKS LATER

BILL FOR $164.25

365	DAYS PER YEAR
.05	PER DAY
$18.25	PER MAGAZINE PER YEAR
x 3	MAGAZINES
$54.75	
x 3	YEARS
$164.25	TOTAL AMOUNT OWED

TM-16



EFFECTIVE CONSUMERISM

LESSON: Fraud and Deception

CONCEPTS:

1. It is often difficult for a trusting and unassuming consumer to differentiate between an honestly represented product and the misleading claims made unfairly about a product or its performance.

2. Deceptive and fraudulent tactics are typical of many peddlers, phone and mail solicitors, and merchandisers in low income areas.

SUGGESTED ACTIVITIES:

1. Role play or dramatize narratives of different deceptive or fraudulent activities to familiarize participants with these activities.

2. Use transparencies to emphasize the wide variety of schemes that lend themselves to fraud and deception.

3. Discuss guidelines guarding against these schemes.

4. Discuss some reasons or facts that contribute to this problem.

5. Duplicate copies of:

   "Guarding Against Fraud"
   "Home Improvement Frauds--Ten Warning Signals"

   to be given as handouts.

INSTRUCTIONAL MATERIALS:

1. HO-1: Home Improvement Frauds

2. HO-2: Guarding Against Fraud

3. Transparency Masters

   TM-1: Medical Quackery by Mail

   TM-2: Work at Home Schemes

   TM-3: Hundreds Weekly

TM-4: Extra Income Scheme

TM-5: Make $10,000

TM-6: I Made a Fortune

TM-7: Receive Hundreds

TM-8: Home Improvement Swindles

TM-9: Investment Swindles

TM-10: Land Sale Frauds

TM-11: Business Without a Future

TM-12: Exercise Caution!

TM-13: Charity Racket

TM-14: Energy Related Frauds

TM-15: Fraudulent Correspondence Courses

TM-16: Help for Fraud Victims

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EFFECTIVE CONSUMERISM

FRAUD AND DECEPTION

INFORMATION OUTLINE

I. Introduction.

Reasons as to why elderly are more susceptible to fraud:

1. Loneliness--Lonely people are often easily persuaded by warmth of friendly sounding salesmen.

2. Grief--Part of the process of grief includes the renewal of hope that the bereaved will be able to find some way to substitute for his lost one. This makes them especially vulnerable.

3. Depression--This may involve guilt and lead to self-punishment which may manifest itself in very unwise spending of money.

4. Poor Vision--Vision loss may result in their being short changed. This also causes problems when trying to read contract print which is too small to see.

5. Hearing Loss--People with hearing problems may be too embarrassed to ask for written explanations.

6. Illness--In the face of illness and intractable pain many may turn desperately to quack cures.

7. Fear of Death--The possibility of death can produce frantic searches for help. It is wrong to explain this phenomenon simply on the basis of weakness or ignorance.

8. Poor Judgment and Ability to Reason--Pressured that their time is running out, they feel that they must act promptly, which may mean a hasty decision based on unsound evaluation.

9. Isolation--Isolation tends to make them more vulnerable to

salesmen, who make them feel useful because he is paying attention to them.

10. Slowed Motor and Mental Responses

11. Memory Loss--Do not remember what was promised to them and therefore are not even aware that they have been gypped.

12. Disorientation

13. Low Educational Level

Because of this rationale, an informed elderly population is a necessity to decreasing their susceptibility to needless crimes of fraud and deception.

II. Typical Health Frauds and Quackery (TM-1).

1. Arthritis is a favorite tool for many people develop it and have periods of remission. Fraudulent products range from filtered sea water, magnetic bracelets, radium baths to musical vibrations. As already stated if they do work it is because of the nature of the disease itself. Common aspirin is usually the best medicine. Doctors may prescribe cortisone or gold salts. Sometimes, heat, rest and surgery are used. *For every dollar spent on arthritis research $25 is spent on fraudulent nostrums.

2. Cancer is another favorite for quacks. About half of most cancers can be cured through surgery, radiation and chemotherapy. Quacks offer such things as diets, plant powders, corrosive or caustic agents, special machines, etc. None of these cure cancer and many may be seriously dangerous.

3. Hearing Aids that are sold door-to-door, also do a big business. Hearing impairments affect as many as five million elderly. Many of these hearing aids are sold by high pressure

salesmen who offer 1) low prices, 2) installment paying, and 3) easy accessibility to hearing aids without having to see a doctor. These tests are not performed in soundproof rooms and usually test air conduction, but not nerve conduction. These hearing aids are then often therapeutically deficient.

4. Anti-Aging Schemes that prey on the elderly that to be accepted in society one has to be young and beautiful.

GUIDELINES TO PROTECT THE CONSUMER IN SPOTTING HEALTH FRAUDS

1. Quack cures often use a "secret" formula or ingredient.
2. Usually they promise speedy and miraculous cures.
3. Many are sold door-to-door by health "specialists."
4. If case histories and testimonials are used they are often not to be trusted.
5. If they make statements that medical men are persecuting him and are afraid of his competition.
6. Be leary when claims that this method of treatment is better than surgery, X-rays, and drugs prescribed by a doctor.
7. Food fadism and false nutritional therapy are special kinds of quackery that flourish in cults, and are supported by some organizations. While it is true that a proper diet may be of value in disease prevention and treatment, vitamins, special foods and a dietetic regimen are safest when prescribed by a doctor.

III. Work at Home Schemes (Use TM-2 through TM-7).

Knowing that the elderly are often anxious to stretch their incomes, many operators concentrate on work-at-home schemes. These operators advertise in classified sections of newspapers or magazines, offering equipment or "instructions" to make money on everything from raising mushrooms to publishing songs. These are some of the favorites:

1. The "buy back" where the promoter says he will buy back products "IF" they are up to standard. Unfortunately, most never are and yours will not be the exception.

2. Worthless instructions or course materials at highly inflated prices. Often the instructions or materials are meaningless or worthless.

3. Worthless or special equipment for your project, many times overpriced, needs repairs or is obsolete.

4. Watch out for the ads where you are required to purchase materials before you can begin and also where you have to return orders so that you can collect your commission.

Unscrupulous promoters pocket millions of their victims' hard earned dollars each year. BEWARE: Work-at-home schemes WILL NOT guarantee you regular salaried employment--or a market for your product. They WILL require you to invest your money before explaining how a plan works or before you are sent any instructions. FINALLY, the work you are asked to do often continues the fraud by getting others involved.

REMEMBER - Advertisements which claim that you can earn unusually high income with little or no effort on your part should be viewed with suspicion. "INVESTIGATE BEFORE YOU INVEST."

IV. Home Improvement Frauds (Use TM-8).

TEN WARNING SIGNALS:

1. The man who drives his truck up to your door, says he just happens to be in the neighborhood and has material left over from

a previous job which he will use on your house at a fantastic cut rate.

2. The out-of-state license plate on his truck.

3. Scare tactics--telling you your furnace is about to blow up or that your roof will be leaking like a sieve during the next rain.

4. The factory representative pitch--factory representatives call on businesses--not house to house.

5. Big bargain tactic--Businesses usually do not "give away" anything.

6. If you are told your house is a model home where orders can be taken for the other homes in the neighborhood. You'll have to sign a contract before the work is done and will usually pay the same price, model home or not.

7. The Quick Estimate--reputable contractors take their time and give an itemized estimate of materials and labor.

8. The high pressure sale--no good contractor will press you for an immediate decision.

9. A lack of customer referrals--your best source of information about a contractor has to do with what he has done in the past.

10. If he does not have a proper identification and is not licensed, do not do business with him.

Most home improvements will be a major investment. Take your time to protect yourself--you'll be the only one to suffer if you don't!

PROTECTION DEFENSES

1. Call the references and the Better Business Bureau if one is available.

2. Find out the lumber yard he does business with and check his credentials.

3. Put a hold back clause in the contract allowing 30 days after completion before the last payment is due. This allows you time to inspect the work.

4. If any subcontractors are involved be sure they have been paid before you sign over the final payment.

5. Specify completion date in contract.

6. Make sure his workers are covered by Workmen's Compensation and that he has liability and property damage insurance.

7. On large home improvements a good idea is to have a lawyer review the contract BEFORE you sign.

V. Other Examples of Fraud.

THE POCKETBOOK DROP

1. Involved are usually two team members plus the elderly person.

2. A team member engages the elderly woman in conversation and explains she has just found a purse containing a large sum of money and wants to know what to do.

3. She then solicits another woman's advice who is her partner. The partner suggests calling a lawyer to see if it is okay to share equally in the money.

4. The phony lawyer agrees but suggests each woman put up a few thousand dollars of her own money, showing good faith.

5. The innocent party then draws her money out and gives to her friend to take to the lawyer.

6. Of course there is no such lawyer, etc., and the victim loses all.

POCKETBOOK DROP EXAMPLES

Roger Dawson was sitting in the park when a man calling himself Ed White approached him and began chatting. Soon their attention was turned to the excited cries of a man close by. This man, Sam Johnson, said he had found $30,000 in a paper bag under a bush. He assumed the money had been gained by illegal means. He said that since they were in this "together" they must decide what to do.

Johnson said he worked for a lawyer and he could go ask him for advice. Upon return, Johnson reported that they could split the money, but they must each put up $3,000 in the lawyer's safe as security. Johnson and White went to their respective banks and purported to draw out $3,000 each. They returned and escorted Mr. Dawson to his bank. He withdrew the $3,000 and it was placed in the envelope with the rest. Johnson volunteered to take the money to the lawyer while White and Mr. Dawson waited outside. When Johnson returned he told Mr. Dawson the lawyer wished to speak to him. When Mr. Dawson entered the building he found the lawyer and the whole deal was a fake.

He quickly returned to the outside only to discover that Johnson and White had fled with HIS money.

BANK EXAMINER SWINDLE

1. A con man will usually select an older woman in the area and learn all about her banking habits.

2. A con man will then approach or call the woman and explain that her money may be being stolen from her account by one of his employees. (The con man is posing as a bank examiner.)

3. The woman is then asked to cooperate by drawing out her money wearing gloves so that fingerprints can be examined. (She is also offered a reward for her cooperation.)

4. The elderly woman then draws her money out and turns it over to the phony bank examiner who is waiting for her outside.

5. He says that he is going to check the fingerprints and that is all she ever sees or hears of him again. That's also the end of her money.

VI. Guarding Against Fraud--Basic Selfprotection Habits.

1. Never allow repairmen, insurance men, Social Security representatives into your home without being shown some form of identification. It also might be advisable to call the firm and verify his credentials.

2. Elderly women should use initials in phone books and on mailboxes.

3. Always check who is knocking on the door before opening. (A peep hole is recommended.)

4. If someone wishes to use the phone, do not let them in; ask to make the call for them.

5. Never leave an unknown visitor alone. Always be by their side since it is relatively easy to slip something in a pocket or purse.

6. Keep all doors and windows locked.

7. Never have large sums of cash at home, or discuss your money habits with others.

8. Beware of "Too-good-to-be-true bargains" and promises. If it sounds too good to be true, it usually isn't a bargain, but fraud or a hoax.

9. Never sign a blank contract to be filled in later. Always check to see that the carbons are the same as the top copy. Perpetrators of fraud sometimes replace the underneath copies with something different than the top copy that you read.

10. Avoid signing any legal papers or long term agreements of any kind until someone you trust has had a chance to look at them, or you take them to your legal adviser.

Note: If you believe a seller used fraud, deception or misrepresentation to get you to buy merchandise, your problem might be handled by contacting the: (TM-16)

Consumer Protection Division
Attorney General's Office
Jefferson City, MO 65101
Telephone: (314) 241-4760 OR
Telephone Toll Free: 1-800-392-8222

HOME IMPROVEMENT FRAUDS
TEN WARNING SIGNALS

1. The man who drives his truck up to your door, says he just happens to be in the neighborhood and has material left over from a previous job which he will use on your house at a fantastic cut rate.

2. The out-of-state license plate on his truck.

3. Scare tactics--telling you your furnace is about to blow up or that your roof will be leaking like a sieve during the next rain.

4. The factory representative pitch--factory representatives call on businesses--not house to house.

5. Big bargain tactic--Businesses usually do not "give away" anything.

6. If you are told your house is a model home where orders can be taken for the other homes in the neighborhood. You'll have to sign a contract before the work is done and will usually pay the same price, model home or not.

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8. The high pressure sale--no good contractor will press you for an immediate decision.

9. A lack of customer referrals--your best source of information about a contractor has to do with what he has done in the past.

10. If he does not have a proper identification and is not licensed, do not do business with him.

Most home improvements will be a major investment. Take your time to protect yourself--you'll be the only one to suffer if you don't!

HO-2

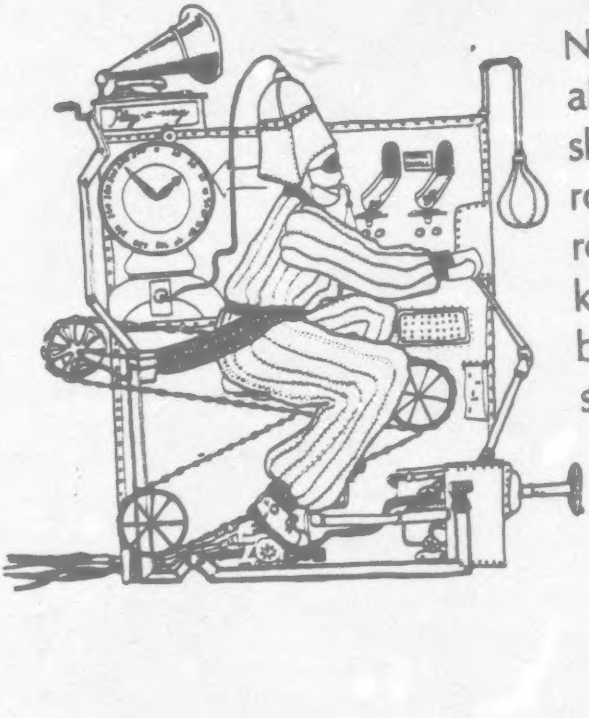
GUARDING AGAINST FRAUD

1. Never allow repairmen, insurance men, social security representatives into your home without being shown some form of identification. It also might be advisable to call the firm and verify his credentials.
2. Elderly women should use initials in phone books and on mailboxes.
3. Always check who is knocking on the door before opening. (A peep hole is recommended.)
4. If someone wishes to use the phone, do not let them in; ask to make the call for them.
5. Never leave an unknown visitor alone. Always be by their side since it is relatively easy to slip something in a pocket or purse.
6. Keep all doors and windows locked.
7. Never have large sums of cash at home, or discuss your money habits with others.
8. Beware of "Too-good-to-be-true bargains" and promises. If it sounds too good to be true, it usually isn't a bargain, but fraud or a hoax.
9. Never sign a blank contract to be filled in later. Always check to see that the carbons are the same as the top copy. Perpetrators of fraud sometimes replace the underneath copies with something different than the top copy that you read.
10. Avoid signing any legal papers or long term agreements of any kind until someone you trust has had a chance to look at them, or you take them to your legal adviser.

MEDICAL QUACKERY BY MAIL

The U.S. Mail has always been a popular and profitable medium for advertising and delivery of all kinds of magical potions or devices guaranteed to increase vitality, memory, IQ, sexual prowess, beauty, cure even the incurable diseases, reduce weight, reshape figures, or simply bring good luck.

GIMMICKS & GADGETS



No machine
alone can
shake it off,
rock it off,
roll it off,
knock it off,
bake it off, or
sweat it off.

TM-2

WORK-AT-HOME SCHEMES

Thousands pay 25¢ to $5 for information about jobs that do not exist or provide income.

Victims rarely complain because amount of money involved is small!

HUNDREDS WEEKLY

Commission Mailing

Pacific, Lakewood, or 97034

TM-4

EXTRA INCOME SCHEME

The Better Business Bureau gives these figures as the likely result for answering such an ad!!

$ 1.00	For information
+ $5.00	For 250 postcards
$ 6.00	Paid by you to promotor
+ 15.00	For stamps — paid by you
$21.00	Total money you lay out
– $ 2.00	Your commission on two orders
$19.00	TOTAL LOSS PAID BY YOU

Especially beware if the ad promises

1. Huge profits
2. Uses testimonials
3. Supplies only a box number or return address

86

I MAKE $10,000 IN CRAFTS AT HOME IN MY SPARE TIME. LEARN MY SECRETS. FREE DETAILS.

OSSI, FEAN PARK, FL. 32730

103

I HAVE MADE A FORTUNE IN
MAILORDERS. SELLING INFORMATION!
LET ME SHOW YOU HOW. FREE PROOF.
MAILORDER INFORMATION SERVICES
LOS ANGELES, CALIF. 90024

TM-6

RECEIVE HUNDREDS WEEKLY STUFFING ENVELOPES!

OFFER: STAMPED, SELF-ADDRESSED ENVELOPE.

WORLDWIDE. FORT LAUDERDALE, FL. 33318

105

TM-7

HOME IMPROVEMENT SWINDLES

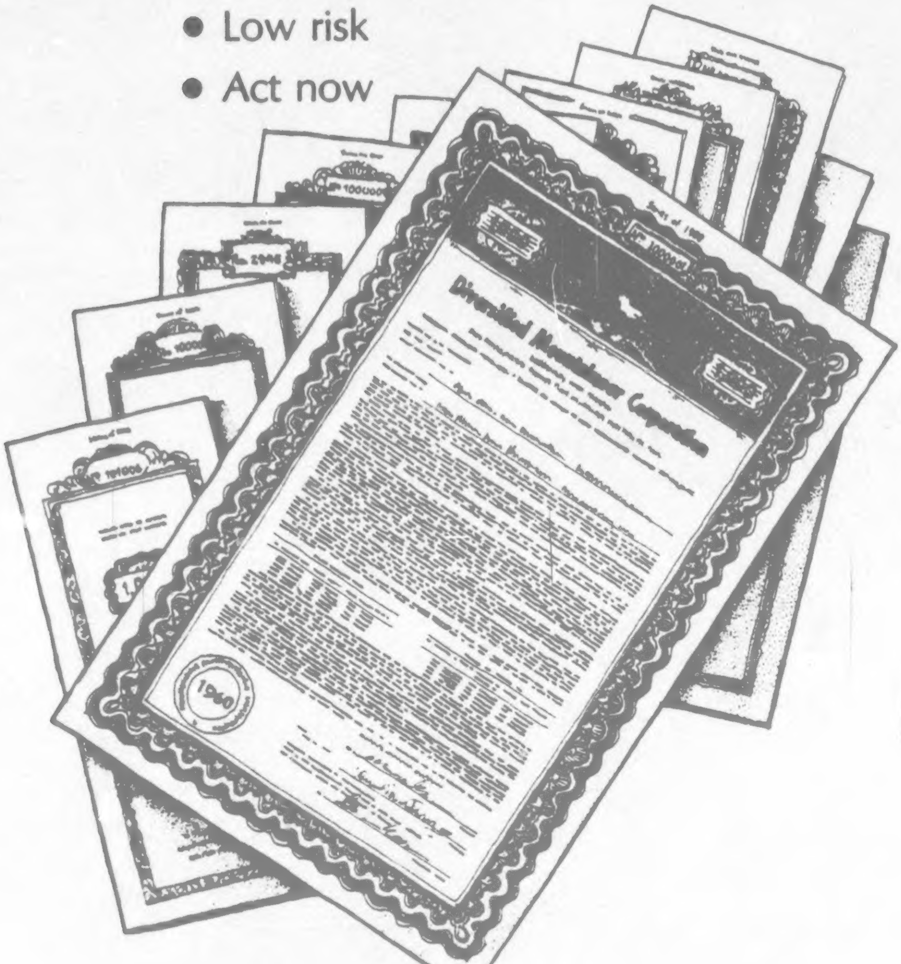
Don't sign before checking:

- Honesty of contractor
- Quality of work
- Unwanted liens and mortgages

INVESTMENT SWINDLES

Be suspicious of offers that promise:

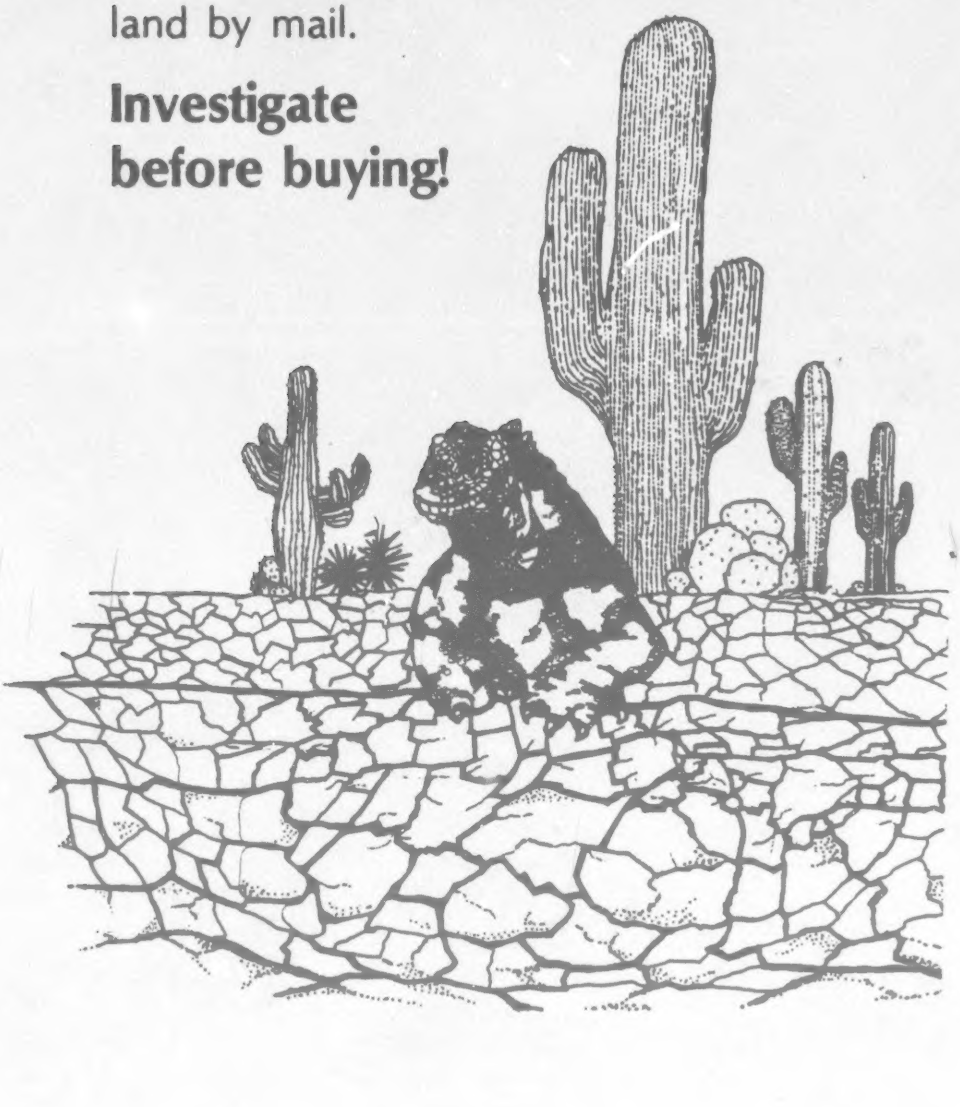
- High rate of action
- Low risk
- Act now



LAND SALE FRAUDS

Hundreds of investors, retirees,
etc., are buying worthless
land by mail.

**Investigate
before buying!**



BUSINESS WITHOUT A FUTURE?

Thousands of Americans invest millions in business ventures—franchises, distributorships, vending machine routes, etc. Many find financial success, but many others lose life savings to swindlers.

1. Exercise Caution!
2. Restrain your Impulses
3. Question
4. Investigate before Investing

TM-12

TM-13

CHARITY RACKETS

A major type of fraud
exploiting the finest impulses
of the human heart.

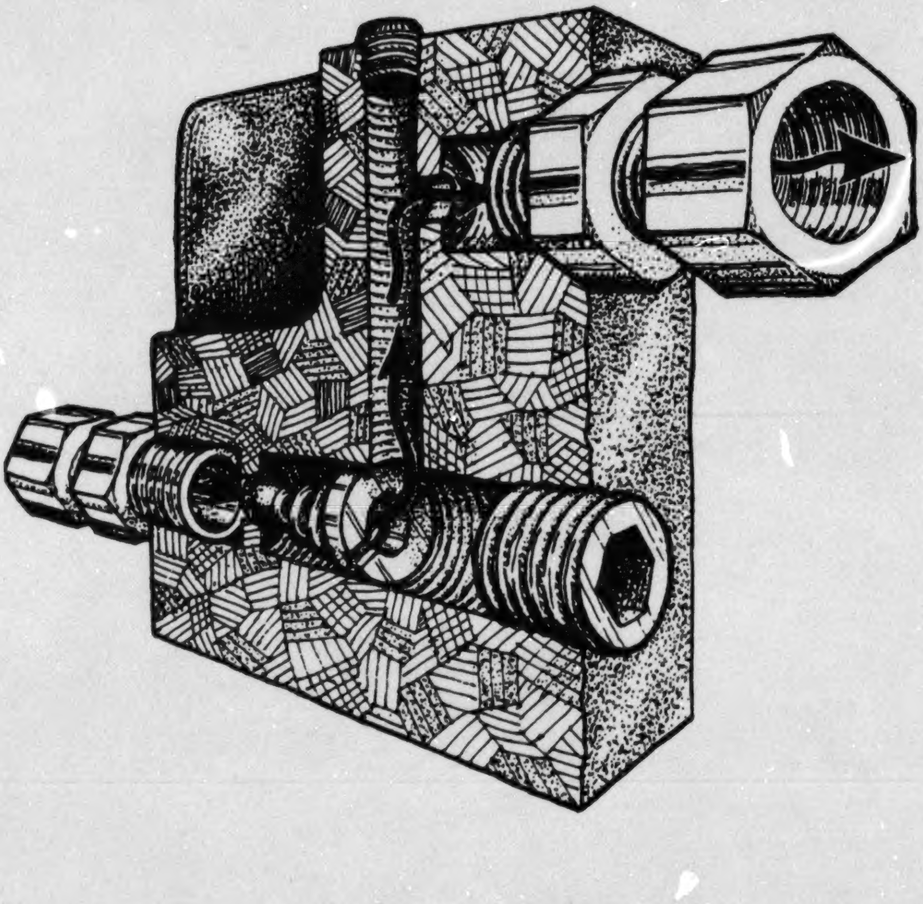
THE UNITED STATES OF AMERICA
WASHINGTON, DC
FIVE
B
5

Check to see where the money goes!

ENERGY - RELATED FRAUDS

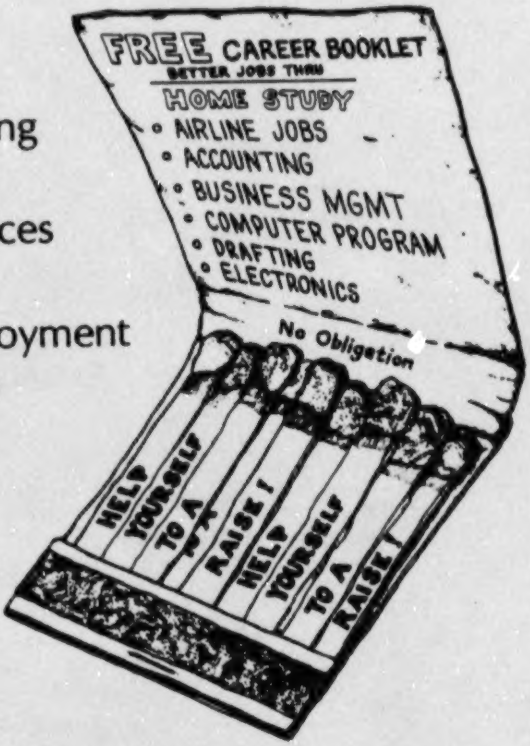
Does it really work?

- 100 miles to the gallon
- Cut fuel bills in half



100

Don't get burned by...



- Useless training
- Exorbitant prices
- Limited employment opportunities
- Guaranteed refund promises

FRAUDULENT CORRESPONDENCE COURSES

HELP FOR FRAUD VICTIMS

If you believe a seller used fraud, deception or misrepresentation to get you to buy merchandise, your problem might be handled more appropriately by contacting the:

Consumer Protection Division
Attorney General's Office
Jefferson City, Missouri 65101
Telephone: (314) 241-4760
or
Telephone Toll Free: 1-800-392-8222

EFFECTIVE CONSUMERISM

LESSON: Your Right to Register Dissatisfaction and Be Heard

CONCEPTS:

1. Consumers have the responsibility to read and follow manufacturers' recommendations on use and care to obtain the best service from their products.
2. A consumer has the right and responsibility to make his voice heard if he is dissatisfied with a product or service.
3. Federal, state and some local governments have consumer affairs offices to which any citizen may address himself.
4. Many agencies, public and private, are available to aid the consumer in safe-guarding his/her interests and welfare.

SUGGESTED ACTIVITIES:

1. Look at local agencies concerned with consumer problems, needs and protection. Identify types of consumer assistance offered through each:
    Area Agency for Aging--Information and Referral
    Legal Aid Services
    U. S. Post Office
    Division of Family Services
2. Explore other state and federal sources of assistance and the type of assistance that can be provided. (Transparencies)
3. Discuss general points concerning redress.
4. Identify a legitimate complaint.
5. Use sample letter to illustrate information that will make a complaint more effective.
6. Provide participants with a listing of agencies and their addresses.

INSTRUCTIONAL MATERIALS:

1. HO-1: Making Complaints
2. HO-2: Sample Complaint Letter
3. HO-3: Where to Complain

104

4. Transparency Masters

TM-1: Complaint Letter Requirements
TM-2: Store or Business
TM-3: Area Agency on Aging
TM-4: Legal Aid Services
TM-5: Division of Family Services
TM-6: For Mail Fraud
TM-7: Consumer Protection Division
TM-8: For General Consumer Problems
TM-9: For Insurance Problems
TM-10: Banking and Credit Problems
TM-11: Saving and Loan Associations
TM-12: For Unsafe, Hazardous or Dangerous Products
TM-13: For Food, Drugs and Cosmetics
TM-14: Labeling, Advertising, Etc.
TM-15: Auto Warranties and Servicing
TM-16: Complaints Related to Furniture
TM-17: Appliance Servicingnand Warranties
TM-18: Better Business Bureau

INFORMATION OUTLINE

If You Have Been Gypped

GENERAL POINTS TO REMEMBER CONCERNING REDRESS

1. If you think that you have been treated unfairly by a dealer, first give him an opportunity to explain what has happened or a chance to rectify the mistake. Most sellers, if you approach them politely but firmly, will make an effort to correct the mistake if any has been made.

   If he does not do so, and you still think that you have been treated unfairly, call one of the other named sources and explain the problem to them and ask them to keep you informed on any of their findings.

2. If your claim is for $300 or less, you may be able to recover in Small Claims Court. In this Court there is no need to hire an attorney; you simply file a petition for a $5.00 fee, appear before a judge at a set time, and state your case. He will pass judgment on the case, and if you have won, you will recover the amount due you and the guilty party must pay all court costs.

3. Report false advertising to the media where you saw it or to the Regional Office of the Federal Trade Commission.

4. Anyone who feels that he or she may have been swindled should determine if the mails have been used, whether through advertising brochures received by mail or even the clearing of a check. In such a case, the matter should be brought to the attention of Postal Inspection Authorities, since magazines and newspapers containing advertising or other information on a fraudulent scheme go through the mails. In some cases, this also would bring it within the jurisdiction of the Postal authorities.

   However, the U. S. Postal Service has no authority to recover your money or property, nor to take any action to adjust an unsatisfactory transaction. Where there is evidence of a violation of the postal laws, the matter is presented to a U. S. attorney for criminal prosecution.

5. Be sure to keep fastened together all receipts, cancelled checks, contracts and other written agreements pertaining to a single purchase.

   When filing a report or complaint, send copies of these documents or, if the originals are requested, keep at least one copy.

BE A GOOD CUSTOMER

1. Do you have a justified complaint?
2. Have you read the instructions carefully--and followed them?
3. Did you use the item for its intended purpose?
4. What are the conditions of the warranty and is the time period still effective?

DO YOUR PART FOR EASY EXCHANGES - REFUNDS - ADJUSTMENTS

1. Don't wear or use the item if you immediately notice anything wrong.
2. Promptly return the product with its sale bill if you use and find something defective.
3. Remember, seasonable merchandise loses value rapidly.
4. Return the item to the salesperson you purchased it from, UNLESS the store has a separate exchange department.
5. Return merchandise with its sale ticket, if possible. This is your proof of purchase--it protects both you and the retailer.
6. Some items cannot be returned. Be sure to check the store's policy concerning intimate apparel, "sale" and non-returnable items.
7. Know retail policies--whether the store prefers cash refunding, or giving credit or "due billing" for returned merchandise.

HOW TO COMPLAIN

What you should do when you lodge a complaint depends somewhat on the item. The American National Standards Institute suggests the following:

You may:

1. Return the item to the store where you purchased it.
2. Write to the store or manufacturer, or both.

It is a good idea to put your complaint in writing when you return the item.

Complaints by telephone are usually not too satisfactory because:

1. The item is not available to the merchant or manufacturer for examination.
2. It is difficult to include all the information.
3. The clerk may not write everything down.

You can write letters when you are pleased with products, as well. When you tell the retailer and the manufacturer that you like their product, you help make it more available for others to enjoy, also.

1. Most letters of praise and of complaint should receive a prompt and courteous reply.
2. Type, if possible, in clear and concise statements how the product has been helpful or unsatisfactory. If you are displeased; say so, but without sarcasm and cutting remarks.

SUGGESTIONS WHEN COMPLAINING TO THE RETAILER

1. Make sure the item is clean, or in the same condition in which it was purchased.
2. Be sure to include the sales ticket identifying labels and tags, and the original package, if possible.
3. Go into action PROMPTLY. Delay could weaken your case.
4. Avoid making returns during rush hours or near closing time. Complaints, returns, and exchanges take time. Clerks deserve consideration, too. They have routine, end-of-the-day duties to perform.
5. Tell all the facts honestly. The owner or operator will know if you are misrepresenting the facts.
6. List all the information necessary to register your complaint--where and when the product was purchased, brand name, model number, price, and what is wrong. This may include what care was taken or how the product was used. For example, how a snowsuit was laundered.
7. If you receive less than courteous treatment, don't assume this is always the normal store policy. Store personnel are only human--they may reflect the rough treatment received from a previous customer.
8. If salespersons do not give satisfactory answers, insist on seeing the owner or manager. Keep insisting until you are satisfied you have had fair treatment, or until your appeal reaches top authority.

WHEN SHOULD YOU GO TO THE MANUFACTURER?

If you are still not satisfied with the answers you have been given after you consult the retailer, you may want to send a copy of your complaint letter to the manufacturer. The address should be on the product packaging in service manuals or user guides.

Courtesy Counts!

Reliable manufacturers appreciate your letter of complaint, if it is business-like. Manufacturers want satisfied customers.

1. Letters of complaint may alert companies to product trouble they didn't know existed.
2. Most manufacturers agree that complaints keep them alert and can even lead to increased profits.

The letter-to-the Manufacturer Method.

A. Contents check list:
   1. Customer's name, address and telephone number.
   2. Dealer's name and location (city and state).
   3. Product make, model, year and date of purchase.
   4. A brief description of the PROBLEM including an indication as to whether the dealer tried to resolve it.
   5. Mileage when the difficulty began and present mileage (when applicable).
   6. Approximate purchase price.
   7. Indication of financial loss suffered because of the problem (lost time, taxis, towing, etc.)
   8. List of the persons and agencies to whom copies of the complaint letter are being addressed.
   9. Supporting documents (copies of repair orders if legible and copies of previous correspondence).

B. General hints to increase effectiveness of your letter:
   1. Compile relevant documents as repair orders; keep copies of the letters you write or receive and write down what is said in any telephone conversations.
   2. With many product defects, eliminate minor complaints, for trivia undermines impact.
   3. Avoid an apologetic tone.
   4. Make your letter concise.

C. Where to send your letter:
   Address your complaint to the President or the Chairman of the Board.

D. The SIGNIFICANCE of letter writing:
   1. Whether you get satisfaction or not when you complain depends on the company's decision, not yours.
   2. BUT DO CHALLENGE the manufacturer to respond positively to your request for action or change. At the same time, request a copy of the report which the zone office sent to the corporate or division office after action is taken on your case.

MAKING COMPLAINTS

A. Telephone or letter? An initial telephone call can sometimes resolve a problem. If it does not, you may be better off writing a letter.

B. A complaint letter should be short, factual and firm. If possible, type it. Be sure to include:

1. Date written
2. Names and addresses of buyer and seller
3. Dates of purchase, of any payments, and of problem
4. Descriptions of goods or services
5. Statement of the problem
6. Your request--what you want done (usually, a repair, exchange, or refund)
7. What you will do if you don't get satisfaction. State a definite time and include your intention to complain to government agencies (specify which ones).

C. Address any letter or phone call to someone in a position to grant your request, like the owner or manager. Find out that person's name first. Executives or managers are more likely to see that your request is granted because they are more concerned than the salespeople with preserving the store's reputation.

D. Keep copies of every letter and make notes on every telephone call. It is always a good idea to send important letters by registered mail, return receipt requested.

SAMPLE COMPLAINT LETTER

(Date)

Company President, Store Manager, or Store Owner,
by name if possible
Store Name
Address

Dear Sir or Madam:

My name is John Jones and I live at the address below.

On September 4, 1980, I made a cash deposit of $20 at your store toward the purchase of a new kitchen table, Columbia Furniture model 23; color, yellow. The salesman I dealt with said his name was Rick. I took a receipt for my deposit. On September 6, 1980, I paid the total balance of $64.87 by my personal check. On September 11 your store delivered to my house a scratched, white table that bears a label, "Americana #7." My wife, who was at home at the time, objected to the scratch in the table but did not realize that the table delivered was not the model paid for. The delivery men told my wife they would have the store send someone to repair the table and she accepted delivery.

The table delivered is not acceptable to me. Please deliver the table that I paid for and take the other one away, or else refund my entire payment of $84.87. If you have not complied with my request by September 19, 1980, I will forward my complaint to the Furniture Industry Consumer Advisory Panel and the City Department of Consumer Affairs. My ultimate recourse will be to sue in Small Claims Court.

Sincerely,

John Jones
(Address)

111

WHERE TO COMPLAIN

1. STORE OR BUSINESS WITH WHOM TRANSACTION WAS MADE -
   - TALK DIRECTLY TO OWNER OR MANAGER IF POSSIBLE.

2. LOCAL AGENCIES:

   AREA AGENCY ON AGING (TELEPHONE TOLL FREE: 1-800- -)

   LEGAL AID SERVICES (TELEPHONE TOLL FREE: 1-800- -)

   DIVISION OF FAMILY SERVICES (CONSULT TELEPHONE DIRECTORY FOR OFFICE IN YOUR AREA)

   POSTAL INSPECTOR - YOUR LOCAL U.S. POST OFFICE

3. STATE AGENCIES IN MISSOURI

   IF YOU BELIEVE A SELLER USED FRAUD, DECEPTION OR MISREPRESENTATION TO GET YOU TO BUY MERCHANDISE, YOUR PROBLEM MIGHT BE HANDLED MORE APPROPRIATELY BY CONTACTING THE:

   CONSUMER PROTECTION DIVISION
   ATTORNEY GENERAL'S OFFICE
   JEFFERSON CITY, MISSOURI 65101
   TELEPHONE: (314) 241-4760
   OR
   TELEPHONE TOLL FREE: 1-800-392-8222

   FOR GENERAL CONSUMER PROBLEMS AND INFORMATION:

   WRITE TO: DEPARTMENT OF CONSUMER AFFAIRS
   P.O. BOX 1157
   JEFFERSON CITY, MISSOURI 65101

   TELEPHONE: 314-751-4996

   FOR INSURANCE PROBLEMS:

   WRITE TO: DIVISION OF INSURANCE
   515 EAST HIGH STREET
   JEFFERSON CITY, MISSOURI 65101

   TELEPHONE: 314-751-4126

   FOR BANKING AND CREDIT PROBLEMS:

   WRITE TO: DIVISION OF FINANCE
   515 EAST HIGH STREET
   JEFFERSON CITY, MISSOURI 65101

   TELEPHONE: 314-751-3463

FOR COMPLAINTS REGARDING A SAVINGS & LOAN ASSOCIATION:

WRITE TO: DIVISION OF SAVINGS AND LOAN SUPERVISION
308 EAST HIGH STREET
JEFFERSON CITY, MISSOURI 65101

TELEPHONE: 314-751-4243

4. FEDERAL GOVERNMENT AGENCIES

FOR COMPLAINTS OF UNSAFE, DANGEROUS OR HAZARDOUS PRODUCTS:

WRITE TO: CONSUMER PRODUCT SAFETY COMMISSION
MIDLAND BUILDING - SUITE 1000
1221 BALTIMORE AVE.
KANSAS CITY, MO 64105

TELEPHONE: 816-374-2034
OR
TELEPHONE TOLL FREE: 1-800-638-2772

FOR COMPLAINTS ABOUT FOOD AND DRUGS:

WRITE TO: FOOD AND DRUG ADMINISTRATION
U.S. COURT HOUSE, SUITE 115
811 GRAND AVENUE
KANSAS CITY, MISSOURI 64106

FOR COMPLAINTS ABOUT ADVERTISING, LABELING, AND SELLING PRACTICES:

WRITE TO: FEDERAL TRADE COMMISSION
2806 FEDERAL BUILDING
911 WALNUT STREET
KANSAS CITY, MISSOURI 64106

5. OTHER SOURCES:

CONSUMER ACTION PANELS

(AUTOCAP) NATIONAL AUTOMOBILE DEALERS ASSOCIATION
8400 WEST PARK DRIVE
MCLEAN, VIRGINIA 22101
PHONE: (703) 821-7070

(FICAP) FURNITURE INDUSTRY CONSUMER ADVISORY PANELS
DIRECTOR OF CONSUMER AFFAIRS
BOX 951
HIGH POINT, NC 27261
PHONE: (919) 855-5065

113

(MACAP) CHAIRMAN OF THE MAJOR APPLIANCE CONSUMER ACTION PANEL
20 NORTH WACKER DRIVE
CHICAGO, ILLINOIS 60606
PHONE: (312) 984-5858

GENERAL SELLING AND BUSINESS PRACTICES

WRITE TO: BETTER BUSINESS BUREAU
GREATER ST. LOUIS, INC.
ST. LOUIS, MISSOURI

COMPLAINTS: TELEPHONE 314-241-9676
INQUIRIES: TELEPHONE 314-241-3100

YOUR ADDRESS
YOUR CITY, STATE AND ZIP
DATE

APPROPRIATE PERSON
COMPANY NAME
STREET ADDRESS
CITY, STATE, ZIP CODE

DEAR COMPANY PRESIDENT:

LAST WEEK I PURCHASED (OR HAD REPAIRED) A (NAME OF PRODUCT WITH SERIAL OR MODEL NUMBER OR SERVICE PERFORMED). I MADE THIS PURCHASE AT (LOCATION, DATE AND OTHER IMPORTANT DETAILS OF THE TRANSACTION).

UNFORTUNATELY, YOUR PRODUCT (OR SERVICE) HAS NOT PERFORMED SATISFACTORILY (OR THE SERVICE WAS INADEQUATE) BECAUSE ________________. THEREFORE, TO SOLVE THE PROBLEM, I WOULD APPRECIATE YOUR (HERE STATE THE SPECIFIC ACTION YOU WANT). ENCLOSED ARE COPIES (COPIES--NOT ORIGINALS) OF MY RECORDS (RECEIPTS, GUARANTEES, WARRANTIES, CANCELLED CHECKS, CONTRACTS, MODEL AND SERIAL NUMBERS, AND ANY OTHER DOCUMENTS).

I AM LOOKING FORWARD TO YOUR REPLY AND RESOLUTION OF MY PROBLEM, AND WILL WAIT THREE WEEKS BEFORE SEEKING THIRD-PARTY ASSISTANCE. CONTACT ME AT THE ABOVE ADDRESS OR BY PHONE AT (HOME AND OFFICE NUMBERS HERE).

SINCERELY,

YOUR NAME

STATE YOUR PURCHASE

NAME PRODUCT AND SERIAL OR MODEL NUMBER OR SERVICE

INCLUDE DATE AND LOCATION OF PURCHASE: OTHER DETAILS

STATE PROBLEM

GIVE HISTORY OF THE PROBLEM

ASK FOR SATISFACTION

ENCLOSE COPIES OF ALL DOCUMENTS

ASK FOR ACTION WITHIN REASONABLE TIME

INCLUDE YOUR ADDRESS, WORK AND HOME PHONE NUMBERS

KEEP COPIES OF YOUR LETTER AND ALL RELATED DOCUMENTS AND INFORMATION

STORE OR BUSINESS WITH
WHOM TRANSACTION WAS
MADE, TALK DIRECTLY TO
OWNER OR MANAGER.

AREA AGENCY ON AGING

TELEPHONE TOLL FREE:

1-800-392-8771

FOR SOUTHEAST MISSOURI

LEGAL AID SERVICES

Telephone Toll Free:

1-800-392-8771

DIVISION OF FAMILY SERVICES

(CONSULT TELEPHONE DIRECTORY
FOR OFFICE IN YOUR AREA.)

FOR MAIL FRAUD CONTACT OR NOTIFY

Postal Inspector

Local U.S. Government

Post Office

CONSUMER PROTECTION DIVISION

ATTORNEY GENERAL'S OFFICE

JEFFERSON CITY, MISSOURI 65101

TELEPHONE: (314) 241-4760 OR

TELEPHONE TOLL FREE: 1-800-392-8222

155

FOR GENERAL CONSUMER

PROBLEMS & INFORMATION

WRITE TO:

DEPARTMENT OF CONSUMER AFFAIRS

P.O. BOX 1157

JEFFERSON CITY, MISSOURI 65101

TELEPHONE: 314-751-4996

TM-8

FOR INSURANCE PROBLEMS

WRITE TO:

DIVISION OF INSURANCE

515 EAST HIGH STREET

JEFFERSON CITY, MISSOURI 65101

TELEPHONE: 314-751-4126

155

TM-9

FOR BANKING AND CREDIT PROBLEMS

WRITE TO:

DIVISION OF FINANCE
515 EAST HIGH STREET
JEFFERSON CITY, MISSOURI 65101

TELEPHONE: 314-751-3463

157
TM-10

FOR COMPLAINTS REGARDING A

SAVINGS & LOAN ASSOCIATION

WRITE TO:

DIVISION OF SAVINGS & LOAN SUPERVISION

308 EAST HIGH STREET

JEFFERSON CITY, MISSOURI 65101

TELEPHONE: 314-751-4243

159

TM-11

FOR UNSAFE, DANGEROUS OR HAZARDOUS PRODUCTS

Consumer Product
Safety Commission
1221 Baltimore Avenue
Kansas City, MO 64105
Phone: (816) 374-2034
Toll Free: 1-800-638-2772

FOR COMPLAINTS OF FOOD, DRUGS AND COSMETICS

Food and Drug Administration
U.S. Court House, Suite 115
811 Grand Avenue
Kansas City, Missouri 64106

FOR COMPLAINTS CONCERNING LABELING, ADVERTISING OR GENERAL SELLING PRACTICES

Federal Trade Commission
2806 Federal Building
911 Walnut Street
Kansas City, Missouri 64106

FOR PROBLEMS WITH AUTO WARRANTIES AND SERVICING

National Automobile
Dealers Association
8400 West Part Drive
McLean, Virginia 22101
Phone: (703) 821-7070

FOR COMPLAINTS RELATED TO FURNITURE

Furniture Industry
Consumer Advisory Panel
Director of Consumer Affairs
Box 951
High Point, North Carolina 27261
Phone: (919) 855-5065

FOR PROBLEMS WITH APPLIANCE SERVICING AND WARRANTIES

Major Appliance
Consumer Action Panel
20 North Wacker Drive
Chicago, Illinois 60606
Phone: (312) 984-5858

BETTER BUSINESS BUREAU

GREATER ST. LOUIS, INC.

ST. LOUIS, MISSOURI

173

COMPLAINTS: TELEPHONE 314-241-9676

INQUIRIES: TELEPHONE 314-241-3100

TM-18

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